

REPUBLIC OF KENYA



REPORT

OF

142



THE AUDITOR-GENERAL

PAPERS LAID	
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BARINGO COUNTY REFERRAL HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

BARINGO COUNTY GOVERNMENT

24



BARINGO COUNTY REFERRAL HOSPITAL

(Baringo County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Hospital Information and Management	iv
3. The Board of Management	viii
4. Key Management Team	x
5. Chairman's Statement	xi
6. Report of The Medical Superintendent	xiii
7. Statement of Performance Against Predetermined Objectives	xv
8. Corporate Governance Statement	xviii
9. Management Discussion and Analysis	xxii
10. Environmental And Sustainability Reporting	xxvi
11. Report of The Board of Management	xxxi
12. Statement of Board of Management's Responsibilities	xxxiii
13. Report of the Auditor General on the Baringo County Referral Hospital	xxxiv
14. Statement of Financial Performance for The Year Ended 30 th June, 2025	1
15. Statement of Financial Position As At 30 th June, 2025	2
16. Statement of Changes in Net Asset for The Year Ended 30 th June, 2025	4
17. Statement of Cash Flows for The Year Ended 30 th June, 2025	5
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 th June, 2025	6
19. Notes to the Financial Statements	7
20. Appendices	43



Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

1. Acronyms & Glossary of Terms

AIDs	Acquired Immunodeficiency Syndrome
AIEs	Authority to Incur Expenditures
AMPATH	Academic Model Providing Access To Health
BA	Bachelor of Arts
B. Com	Bachelor of Commerce
BCG	Baringo County Government
CBOs	Community Based Organisations
CCTV	Central Circuit Television
CPA	Certified Public Accountant
CSO	Civil Society Organizations
CSR	Corporate Social Responsibility
CT	Computerized Tomography
EEC	Executive Expenditure Committee
EEG & ECG	Electro Encephalogram & Electro Cardiogram
ENT	Ear, Nose and Throat
HIF SPA	Health Improvement Fund Special Purpose Account
HMT	Health Management Team
ICS	Institute of Certified Secretaries
ICU	Intensive Care Unit
IPSAS	International Public Sector Accounting Standards
KEMR	Kenya Electronic Medical Records
KMTC	Kenya Medical Training College
KRM	Kenya Registered Midwife
KRN	Kenya Registered Nurse
KVA	Kilo-Volt-Amperes
LEHHO	Leading High Performing Health Organisation
M.B.Ch.B	Bachelor of Medicine and Brain Surgery
MBS	Bachelors of Medical and Surgery
MED SUP	Medical Superintendent
MOH	Ministry of Health

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

MOs	Medical Officers
MPH	Master's in Public Health
MRI	Magnetic Resonance Imaging
MTRH	Moi Teaching and Referral Hospital
NEMA	National Environmental Management Authority
NGOs	Non-Government Organisations
NHIF UC	National Hospital Insurance Fund Universal Care
OGW	Order of Grand Warrior
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
PHD	Doctor of Philosophy
QIPs	Quarterly Implementation Plans
SACCOs	Savings and Credit Co-operatives
TB	Tuberculosis
UHC	Universal Health Care
USAID	United States Agency for International Development
UTJ	USAID Tujenge Jamii
WISN	Workload Indicator for Staffing Needs
Fiduciary Management hospital.	Key management personnel who have financial responsibility in the

2. Key Hospital Information and Management

(a) Background information

Baringo County Referral Hospital is registered as a level 4 hospital established under gazette notice number GK-004476 and is domiciled in Baringo County under the Department of Health Services. The hospital has a management team in place and is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to offer quality medical and rehabilitative services.

The Vision: An attractive, competitive and rapidly improving Teaching and Referral Hospital.

The Mission: To provide quality medical and rehabilitative services to the citizens in an affordable and accessible way.

Strategic objectives:

- (a) Improved Service delivery in medical and rehabilitative services.
- (b) Management of communicable diseases.
- (c) Halt and reverse the burden of Non-communicable conditions.
- (d) Management of injuries including cases of violence.
- (e) To minimise exposure to health risk factors.
- (f) Strengthen collaboration with health-related sectors.

(c) Key Management

The hospital's management is under the following key organs:

- County Department of Health Services.
- Board of Management that provides governance to the Hospital.
- The Accounting Officer is The Chief officer, Medical Services, in the Department of Health.
- The Medical Superintendent oversees both technical and administrative functions of the Hospital on a daily basis.
- The Hospital Management Team consists of the Medical Superintendent, Health Administrative officer, The Nursing officer in-charge and heads of sections.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

- Sectional heads and other staff in the Hospital form various committees that provide technical support and advice to the Medical Superintendent.

(d) Fiduciary Management

The key management personnel who held office during the financial period ended June 30, 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Gerishom Abakalwa
2.	Health Administration	Michael Rotich
3.	Head of finance	Kevin Kimaru
4.	Head of supply chain	Reuben Kilinyo
5.	Head of Nursing	Rosina Kiptarus
6.	Head of Biomedical Engineering	Samwel Kiptarus

Other members of the Hospital Management team include: ✓

- (a) Head of Medical Laboratory technology, Judith Cherutich.
- (b) Head of Pharmacy, Dr. Smith Kibet Rutto.
- (c) Head of Health records and information, Dominic Kipchumba.
- (d) Head of Radiology, Dr. Paul Nduati.
- (e) Head of Human Resource, Dorcas Kurui.
- (f) Head of Hospital Sanitation, Alex Ayabei.
- (g) Head of Occupational Therapy, Bernard Chirchir.
- (h) Head of Medical Social Work, Edwin Rono
- (i) Head of Rehabilitative services, Fridah Kiyai.

(e) Fiduciary Oversight Arrangements

The Hospital had active technical committees that served advisory roles to the Hospital management as follows:

- Anti-corruption and Security Committee.
- Training and Continuous Medical Education committee.
- Disciplinary Committee.
- Staff Welfare Committee.
- Executive Expenditure Committee.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

- Maternal and Perinatal Death surveillance and reporting committee.
- Infection Prevention Committee.
- Procurement and Tendering Committee.
- Medicine and Therapeutic Committee.
- Catering Committee.
- Emergency response and Out patient management.
- Housing Committee.
- Blood Transfusion Committee.
- Theatre users committee.
- Medical Board Committee.
- Waiver Committee.
- Quality Improvement Committee.
- County Assembly
- Parliamentary committees
- The Senate.

(f) Hospital Headquarters

P.O. Box 21 - 30400
Baringo County Referral Hospital,
Off Kabarnet - Iten Road.
Kabarnet, KENYA

(g) Hospital Contacts

Telephone: (+254) 704375327
E-mail: bcrh@baringo.go.ke
Website: www.baringo.go.ke

(h) Hospital Bankers

1. Cost Sharing Account KCB Kabarnet	1149215399
2. Recurrent Account - KCB Kabarnet	1149507659
3. HIF SPA – Central Bank of Kenya	1000540621
4. Pay Bill Account	252230

(i) Independent Auditors

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

(k) County Attorney

Baringo County Attorney
P.O. Box. 53 30400
Kabarnet, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 Dr. Peter Cherutich,	M.B.Ch.B, MPH, PHD, MBS, OGW. Board Chairman and Infrastructure Committee independent
2.	 CPA Isaac Kurui	Isaac Kurui; CPA, B Com Hons. Finance Committee independent
3.	Prof. Gladys Mengich	11 years work experience, Service delivery committee independent
4.	 Dr. Dinah Chelagat.	PhD, MPH, MA, BA, KRM, KRN 16 years work experience, Finance committee independent
5.	 Dr. Gerishom M. Abakalwa	Medical Superintendent M.B.Ch.B, Leadership of health organizations (LEHHO), 18 years in Health care management.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

6.	 Michael Rotich.	Masters Degree. Health Administrative Officer He is not a member of ICS as required under the Mwongozo code in addition to their other details. Finance Committee independent
7.	 Donald Sokoti	Masters Degree, 9 years work Experience in Infrastructure Committee independent
8.	 Bishop Julius Chepsat	Christ Dominion Church bishop for 41 years Service delivery Committee independent
9.	 Mr. Geoffrey Kimaiyo;	Sub County Administrator, Baringo Central. Infrastructure Committee independent

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

4. Key Management Team

Ref	Management	Details
1.	 Dr. Gerishom M. Abakalwa	Medical Superintendent
2.	 Michael Rotich	Health Administrative Officer
3.	 Rosina Kiptarus	Nursing Officer In-Charge BSc. Nursing
4.	 Reuben Kilinyo	Head of Procurement
5.	 Samwel Kiptarus	Head of Biomedical Engineering. Dip. Biomedical Engineering
6.	 Nancy Lolmodoni.	Head of Infection Prevention. PRN, Health Promotion
7.	 CPA Kevin Kimaru	Head of Finance

5. Chairman's Statement

Baringo County Referral Hospital had a successful Financial year 2024/2025. Total Staff establishment was 497 (Permanent Staff – 228, Contracted Staff – 202, UHC Staff – 18, UTJ Staff – 14, BCG Contracted Staff – 5 and Volunteers – 28), with gap margin of 159 because the near ideal workforce with skill mix was 656. The figure 656 was projected based on the workload as an indicator for staffing need (WISN) report of 2016. In line with the standards of a Level 5 Hospital (County level hospital), the ideal workforce is 1150. We also had 38 Interns (MOs – 9, Clinical Officers BSC – 5 and Clinical Officers Diploma – 24). To mitigate the staffing gaps, the board authorised the recruitment and retention of various cadres of staff on contractual terms, hence the number 202. There was the challenge of shift from permanent to casual staff, which was caused by retirement and attrition, with minimal employment. There was exit of Medical Officers from 8 to 4, all were contracted by the Hospital. 1 was contracted by the MOH under UHC. 5 Mos were away on study leave.

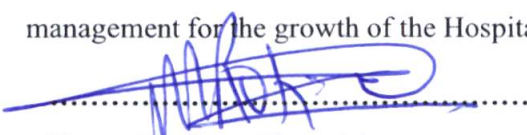
Quality of medical care was a major priority to the Board of management as it was a right the Hospital was under obligation to deliver to the citizens. Diagnostic services such as Laboratory and Radiology were major determinants of client satisfaction and required a lot of strengthening, particularly CT Scan and Haematology services. Baringo County Referral Hospital had 12 specialist doctors in-post. This was a major boost to service delivery because of the boost to quality of care. There were 6 additional consultants in the County, stationed in other hospitals.

The Hospital did not have an annual budget supported by the exchequer for sustaining services during the year. Exchequer finances to the Hospital were mainly channelled towards infrastructural improvement through the County department of Health services. Sources of financing were four, namely, Government, Households, Insurance and Donor funding. Medical care financing was mainly generated by the Hospital itself leading to quarterly implementation planning and budgeting. Resources

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

were always scarce for debt management and improvement of services such that at any one time, Hospital debt ranged from KShs. 27,000,000.00 to 52,000,000.00. Austerity measures put in place included transition from cash to cashless payment. There was need to install electronic methods that link services to revenue collection for efficiency of financial management. M-pesa mode of payment was used and that led to near 100% banking. There was transition from NHIF to SHA from 1st October 2024. However this did not improve rate of financial flow since the money was deposited on County Revenue Account which would lead to the lengthy bottlenecks leading to delays in liquidity. An FIF bill was drafted and passed to an act of County Assembly through a consultative process between the County Department of Health, Council of Governors, County Department of Finance, County Assembly and Development partners. There was a 5-storey Surgical block under construction, meant to house clinics, renal unit, theatres, surgical wards, pharmacy store as well as other services. There was slow progress in the construction of the block which would alleviate space issues in the Hospital and increase number of beds to over 400 to enable registration to level 5. It had been expected that the completion of the block would be done in the current Financial Year.

The Health information Management system of the Hospital required improvement as Fun soft used for in-patient services was insufficient. Many challenges were still experienced as fear of pilferage and other forms of malpractice was significant. The electronic medical records (KEMR) system was being introduced to improve out-patient services information. This system had challenges that led to low uptake by Health workers. Hospital management team, the Board of management and partners of health-related and health functions needed to work in concordance and unified resource pooling and management for the growth of the Hospital.



Name: Dr. Peter Cherutich

Chairman to the Board

6. Report of The Medical Superintendent

Baringo County Referral Hospital is the current name of the former Kabarnet District Hospital following change in Government structure after Devolution in 2013, following the promulgation of the Constitution of Kenya 2010. The Hospital is located in the North Rift Valley of Kenya, 140 Km Northwards from Nakuru and 95 Km Eastwards from Eldoret. The Hospital sits on approximately 50 acres of land including the KMTC Kabarnet campus, with a net surface of 23.6 Acres. The Hospital was developed from a Dispensary launched in 1929. In 1931 it became a Health Centre and in 1935 it was upgraded to a Sub-District Hospital with 2 wards with a total bed capacity of 20. In 1940 it became a District Hospital with a bed capacity of 40. A major expansion of the Hospital begun in 1972. Currently the Hospital is registered as 100 bed, but its capacity is 186, as follows:

1. Ward 1	29.	3. Ward 3.....	32	5. Ward 5...17.	7. Maternity	36	
2. Ward 2	29.	4. Ward 4	33	6. OPD.....	4	8. ICU	6

The Hospital had a workforce of 497, of which 202 is contracted staff. This is far below the norms and standards but the staff is self-motivated and dedicated to service. The specialists include a General physician, General surgeon, Orthopaedic surgeon, ENT surgeon, 3 Obstetrician and gynaecologists, 2 Radiologists and a paediatrician. There was exit of a Pathologist and Psychiatrist during the year. Services of these specialists was sourced in collaboration with neighbouring Counties of Nakuru and Elgeyo Marakwet.

The average workload of the Hospital is 6341 out patients per month and 3605 in-patients. There are 381 deliveries per month. Other services offered included consultant clinics of 10 specialities, renal dialysis, emergency medical services, intensive care, maternal and child health care services, and general medical services. All this is under a catchment of 375,000 Population and 75,000 Households. Apart from the Hospital management team, there are 14 active committees. Main

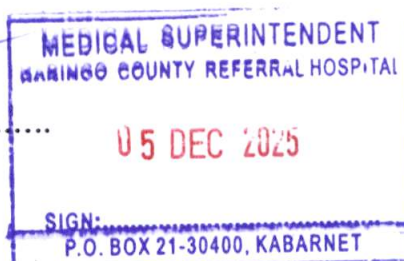
Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

stakeholders include the KMTC Kabarnet and Eldoret, Kabarak University, USAID Tujenge Jamii, AMPATH-MTRH Eldoret, local CSO, CBOs and state agencies within the County.

The main challenges the Hospital faces include staff shortage, old and outdated equipment, poor maintenance of equipment, medical waste segregation equipment and waste disposal. There has not been a formal employment of staff for a long time, leading to an ageing health workforce. The result is a shift from permanent staff to contracted skilled workforce, some on casual terms in a desperate effort to sustain service delivery. The Incinerator is old and requires constant repairs and the Hospital lagoon is insufficient to meet the needs of all the infrastructural development leading to serious environmental concerns. A new CT Scan machine was procured and installed to replace the older one which was undergoing repair at huge costs which was attributed to poor maintenance and unstable power supply to the Hospital.

A new, modern gate was constructed and as such need for the Perimeter wall to control Human traffic. Other future investments included expansion of the parking area, completion of the new Hospital complex, upgrade of power supply (A new 1000 KVA Transformer had been procured but not installed. Expansion of water supply from roof and stream was necessary to meet the expanding needs of the Hospital. CCTV coverage for surveillance had been improved from 18 cameras to 48. There was need-based procurement of equipment for various service delivery sections and improvement of rehabilitative services.

.....
Name: Dr. Gerishom M. Abakalwa
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government referral hospital's performance against predetermined objectives.

Baringo County Referral Hospital has 6 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/ 2025. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Improved Service Delivery in Medical and Rehabilitative services

Pillar/theme/issue 2: Management of Communicable Diseases

Pillar/theme/issue 3: Halting and Reversing the burden of Non-communicable conditions

Pillar/theme/issue 4: Management of Injuries including cases of violence

Pillar/theme/issue 5: Minimization of exposure to health risk factors.

Pillar/theme/issue 6: Strengthening collaboration with health-related sectors

The hospital develops its annual work plans based on the above 6 pillars/Themes/Issues.

Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

The hospital achieved its performance targets set for the FY 2024/2025 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Improved Service Delivery in Medical and Rehabilitative services.	To improve Quality Service delivery in Medical and Rehabilitative services.	Number of Out-patient clients. Number of In-patient clients. Number of deliveries.	. Treatment of major ailments. . Specialist clinics. . Assessment of clients for disability. . Surgery	Reduced average length of stay. Improved access to specialised services. Improved quality of care.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

		Number of cases assessed for disability.	. Diagnostic services	
Pillar/ theme/ issue 2: Management of Communicable Diseases	To improve management of communicable diseases	Percentage fully immunized children. Number of cases cured for PTB. Number of cases enrolled to care and treatment of HIV. Number treated for Malaria.	. Vaccination of under 5s and teen girls. . Case management for malaria and TB. . Antiretroviral therapy.	Improved immunization coverage. Increased cure rate for TB. Prevention of mother to child transmission of HIV near 100%. New technologies for diagnosis in the laboratory and Radiology.
Pillar 3: Halting and Reversing the burden of Non-communicable conditions	To halt and reverse the burden of Non-communicable conditions	Number of Diabetes case. Number of cases of Hypertension. Number of cases treated for mental health. Number of cases treated for cancer.	Screening for diabetes, hypertension and cancer. Specialist clinics. Mental health at the workplace. Timely referral.	Weekly specialist clinics done. Reduced Referral. Improved collaboration with health-related entities. Early detection of conditions.
Pillar 4: Management of Injuries including cases of violence	To decrease the burden of injury due to Violence	Number of GBV cases investigated. Number of cases treated for accident.	Health promotion materials. Mental Health. Youth-friendly services.	Increased awareness on SGBV. Management of depressive illnesses.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

			Management of injuries.	Improved Diagnostic support to facilitate prosecution.
Pillar 5: Strengthening collaboration with health-related sectors	To strengthen collaboration with health-related sectors	List of stakeholders List of members of the Board. Sector working group report.	Stakeholder forums. Board meeting. Hospital management meeting. Committee meetings. Planning and budgeting.	Improved stakeholder coordination. Quarterly board meeting held. Quarterly HMT meeting held. Monthly EEC meeting held.

The various sections of the performance contract were cascaded down from the Director of Medical Services to the Medical Superintendent and subsequently to the health management team (HMT) and to the heads of sections in the Hospital.

The performance above was based on targets that were hospital-specific. Other entities in the Department of health services set theirs depending on their ability and relevance in implementation.

HMT members also set targets selective to their functions, but aligned to the Hospital strategies.

Monitoring of performance was done through constant collaboration, supervision, mentorship and periodic evaluation.

Good achievements led to commendation by the HMT to the various sections, to encourage further efforts and focus. Sub-optimal performance by some sections was taken up by the HMT for focused supervision and support.

8. Corporate Governance Statement

The county Government had initiated reforms to improve service delivery at various levels within its health sector. Part of these reforms targets health facilities as key players in health care service delivery. In a bid to ensure quality health care, the Department of Health sought to strengthen the capacity of health facilities to deliver affordable and sustainable health services. It sought to strengthen management and governance systems at facility level/tiers to enhance Health Facility planning and implementation of core activities. It also aimed at building the capacity of all health facilities, to independently plan and manage operations with support from the county level. This had been made possible by establishment of the Hospital management boards.

The Hospital management boards (HMBs) were inducted and charged with the responsibility of providing leadership and oversight on overall coordination of the operations at the health facility. In addition to this role, the HMB played a critical role in overseeing the implementation and monitoring of the Facility improvement fund by ensuring improved planning, budgeting and financial reporting at hospital levels. To effectively carryout this critical role, there is need to enhance the leadership and governance capacity of the all the HMB through training and development of governance tools that will allow for smooth operations of the Boards.

The HMB worked as the link between the Hospital and the community it served. It had the ultimate authority and responsibility for patient care and the overall quality of services in the health facility. To fulfil this responsibility, the HMB had the obligation to demonstrate leadership in determining priorities for the Hospital that were consistent with the available resources. The HMB shared this leadership responsibility with the Hospital Management Team and both should aim at improving the health status of the community.

The structure and composition of the HMB followed the guidelines and procedures to ensure the orderly conduct of its business are critical in ensuring that the hospital serves the community satisfactorily.

The composition of the HMB is of great importance and members have been selected carefully. Members have been selected on the basis of ability to serve the health facility and community effectively, with representation that ensures wide stakeholder participation in decision making. The participation of community in the HMB is vital to represent the community in decisions regarding the collection and use of funds and in monitoring the provision and quality of services. The HMB

and CHMT provided necessary checks and balances for the use of all resources available to the health facilities.

The HMB established a focus for institutional responsibility and ensured that management responsibility was brought down to the local level where local issues were more clearly understood. The HMB made decisions that improved the health facility, ensure continuity while keeping in line with ministry of health and county/National Government policy and was accountable for the health facility organization and everything that went on inside it.

The HMB was not expected to perform the actual day-to-day work of the hospital but would see to it that such work was done by delegating tasks and authority to the HMT. The HMT was responsible and accountable to the HMB for its decisions and actions.

The HMB held four meetings during this reporting period. This conformed to the requirement of holding at least one quarterly meeting. Attendance to the meeting was by all Board members.

Membership

The membership of the HMB has been defined through Legal Notice No. 155 of October 2009 and the Cabinet Secretary for Health memo of 2014. The Notice defines the membership as follows:

- a) There shall be at least seven (7) and not more than nine (9) members of the Board appointed by the County Executive Member (CEC) Health.
- b) A member of the Board, a part from the ex-officio, shall hold office for a period of three (3) years and shall be eligible for appointment for one (1) further term.
- c) A person shall not be appointed as a member of the Board unless that person holds at least O-level certificate of education or its equivalent.
- d) To the extent feasible, Board members should reside or work in Health facility catchment service area.

1.1.1. Composition

The total membership of the Board shall be at least seven and not more than nine members and shall consist of:

- a) a Chairperson nominated by members of the Board from among themselves and appointed by CEC of health
- b) the area sub-county Administrator representative duly nominated by him/her in writing
- c) the person in charge of the health facilities, who shall be the secretary
- d) the person in charge of a County/sub county administrator, or its equivalent
- e) the following persons, who shall be residents of the area of jurisdiction, appointed by the county Executive Board member
 - i. one person who shall have knowledge and experience in finance and administration matters
 - ii. one person nominated by women groups;
 - iii. one person nominated by the Faith Based Organizations
 - iv. not more than two persons nominated by recognized Community Based Development Organizations of whom one shall be a woman.

Officers of the HMB

- a) Officers of the Board shall consist of the Chairperson, Vice Chairperson and Secretary.
- b) A chairman nominated by members of the Committee from among themselves shall be appointed by the County Executive committee member
- c) The secretary to the Board shall be the Medical Superintendent of the Hospital.
- d) The Board shall appoint, from among its members, the Vice-Chairperson.

Functions of the BOARD Officers

- a) Responsibilities of the chairperson
 - i. Setting meeting schedules and overseeing preparation of meeting materials
 - ii. Presiding over Board meetings
 - iii. Overseeing all committees
 - iv. Maintaining Board policy and other resource manuals
 - v. Ensuring effective recruitment, orientation, and development of Board members
 - vi. Providing for regular Board and individual members self-evaluation
 - vii. Planning for leadership succession

- b) Responsibility of the Vice Chairperson
 - i. Assumes chairperson's role if he/she is unavailable or unable to serve
- c) Responsibilities of the Secretary
 - i. Keeps accurate records of Board meetings, attendance, decisions, long range plans and goals, and policies.
 - ii. Communicates key policy decisions to the hospital teams

Remuneration of HFMC Members

The HFMC could convene once per quarter in each Financial Year (four full committee meetings a year). The county executive member of finance with consultation with the executive member responsible for health would give a guidelines on remuneration from time to time.

The remuneration would only refer to the four scheduled meetings in the Financial Year.

At the moment remuneration a Level 5 Hospital is as follows for:

Allowance	Position	Amount
Sitting Allowance	Chairperson	7,500
	Members	5,000
Lunch	All	1,000
Transport: Reimbursement on production of receipts for Public Service vehicles or AA rates not exceeding Ksh 5,000		

Termination of Membership

A member shall vacate his/her position on the committee in the following circumstances:

- a) If a member is absent without apology and reasonable explanation from three (3) consecutive meetings of the committee.
- b) If, in the case of a member of a non-governmental organization, the member ceases to hold the office by virtue of which his nomination was made.
- c) If a member is convicted of a criminal offence.
- d) If a member ceases to reside or practice in the area of health facility jurisdiction.
- e) If a member voluntarily resigns from the committee.
- f) If a member is deceased.
- g) If the CEC responsible for health, in his/her discretion, rescinds the appointment of a member to the committee.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

9. Management Discussion and Analysis

a) Clinical/operational performance

Bed capacity of the hospital	186 beds
Bed occupancy rate	64.1%
Average length of stay for in patient.	4.7 days
Mortality rate	6.9% per 1000 population

Overall patient attendance during the year for both inpatient and outpatient.

b) Baringo County Referral Hospital inpatient attendance

period name	Inpatient Admissions Over Five	Inpatient Admissions Under Five	Inpatient Discharges	Inpatient Deaths
January - March 2025	1,171	161	1,244	41
April - June 2025	738	159	916	28
July - September 2024	601	133	559	37

Outpatient attendance

Period name	OPD Attendance <5yrs Female	OPD Attendance <5yrs Male	OPD attendance >5yrs Female	OPD attendance >5yrs Male
July – Sept, 2024	38,794	36,987	130,649	90,458
Oct – Dec, 2024	30,047	28,738	95,200	64,941
Jan – Mar, 2025	41,186	37,361	127,031	84,772
Apr – Jun, 2025	39,267	36,411	123,043	86,301

Specialised clinic attendance

Clinics									
Period	Medical	Surgical	OBS Gynae	Occupational Therapy	Paeds	Orthopedic	TB Clinic	CCC	Renal
July-Sept 2024	147	409	629	512	193	1339	133	1333	64
Oct - Dec 2024	245	307	480	369	569	792	74	1335	61
January- March 2025	267	362	663	427	591	1222	100	1345	62
April-June 2025	180	169	375	358	1204	1208	74	1347	65

Cont.... Clinic Attendances

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Clinics								
PERIOD	Eye Clinic	Child welfare Clinic	Nutrition	Physiotherapy	Post Natal Clinic	ENT	Oncology	Psychiatry
July-September 2024	1,275	3,405	137	195	2326	946	34	322
October - December 2024	748	4,381	159	438	2628	522	29	299
January-March 2025	742	3,249	306	556	4106	143	11	185
April-June 2025	766	2,328	466	449	2245	502	14	147

In patient Deaths Mortality Rates

Period	In Patient Deaths
July to September 2024	69
October to December 2024	34
January to March 2025	41
April to June 2025	28
Total	172

Surgical theatre utilisation (number of operations over a period of time)

Period	Major Surgeries	Minor Surgeries	Caesarean Sections
July to September 2024	76	16	163
October to December 2024	48	30	158
January to March 2025	88	118	153
April to June 2025	65	153	79
Total	277	317	481

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Financial Performance : -

The hospital made a budget of Ksh 200,174,323 which was implemented through County Transfers, In kind Contribution, Grants from donors and development partners, revenue generation from Medical Services, and Miscellaneous Income (Cheques Written Back). AIEs requisition were made through the County Treasury. The funds were to be used for the sourcing of goods and services for the hospital service delivery and operations. The expenditures Medical/Clinical Costs Ksh 91,134,401, Employees expenses Ksh 56,201,074, Board of Management expenses Kshs 430,900, Maintenance and Repairs Ksh 10,333,495 and General Expenses Kshs 21,670,689. During the same period under review the hospital made waivers amounting to Ksh 7,006,993. The Total expenses were Kshs 186,777,552 leaving a deficit of Ksh 13,396,771 and Cash and Cash Equivalent of Kshs 2,680,910 as at 30th June, 2025. The previous year balance brought forward of Ksh 32,440,731 as detailed below.

a) Revenue Analysis

Source	Collection in 2023/2024	Collection in 2024/2025	Variance	Remarks
Carryovers from the previous year		32,440,731		
Transfers from the County Government	607,000	1,207,000	600,000	
In- kind contributions from the County Government	58,211,052	19,547,020	38,754,032	
Grants from donors and development partners Other Incomes	220,500	40,200	236,325	
Medical Services	31,511,434	34,539,711	3,028,277	
NHIF and other Medical insurances	84,151,415	0	-84,151,415	
SHIF / SHA and other Medical insurances	-	126,371,698	126,031,088	
Waivers	8,770,179	7,006,993	-1,763,186	Positive Deviation
Cheques written Back	726,000	100,000	100,000	
Totals	184,197,580	221,253,353	61,680,076	

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

b) Expenditure

Source	Costs in 2023/2024	Costs in 2024/2025	Remarks
Medical/Clinical costs	103,999,593	98,131,394	
Employee costs	36,230,580	55,635,074	
Board of Management Expenses	364,000	430,900	
Repairs and maintenance	6,364,432	10,333,495	
Grants and subsidies	1,130,000	0	
Depreciation and Amortization	24,675,875	26,005,875	
General expenses	19,162,190	22,246,689	
Waivers	8,770,179	7,006,993	
Totals	176,020,974	219,790,420	Negative Deviation

c) Financial / Revenue Balances Analysis a Deficit of Kshs 29,759,821

Bank	Balances in 2023/2024	Balances as 30 th June, 2025	Deviation	Remarks
KCB Imprest A/c	32,440,731	2,680,910	(29,759,821)	
Total	32,440,731	2,680,910	(29,759,821)	Deficit

10. Environmental And Sustainability Reporting

Baringo County Referral Hospital exists to transform lives through provision of medical services to confer the citizens to productive life, creating wealth rather than seeking treatment for illnesses. It's provided objective to deliver on strategy, putting the client/Citizen first, delivering medical and rehabilitative services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Hospital endeavoured to offer services to the citizens in line with the service charter, the provider's rights and the patients' rights. It is also understood that access to health care was a human rights issue constitutionally. On the other hand, the patient had the obligation to provide accurate information, cooperation and meeting the cost of services. Sources of health care financing included:

- Out-of-pocket fees, where households are charged directly to the Households.
- National Hospital Insurance Fund, a national resource pooling.
- Private Insurance firms, with schemes covering their clientele particularly Minet Insurance.
- Programmatic support, from implementing partners, mainly NGO.
- The Government, both County and National.

The Hospital collected these funds in order to convert them to functions which were the Curative and Rehabilitative services. There's continuous improvement in quality of care in order to attract the clientele and good linkage with the community.

The major risks to sustained services included administration of waiver, exemptions and inability to pay by indigent households. The waiver system is exposed to political instruction and some households exploit this route to dodge payment of hospital fees. Exemptions include prisoners, under 5s etc. Prisoners obtain treatment, age assessment, and other services without paying any fees. There are cases where accident victims are treated as emergency cases and stabilised. Those who get admitted may pay hospital fees upon discharge or may even be waived. Those who stabilise and go home usually don't pay. This puts a strain the resources of the Hospital as it provides services using drugs, non-pharmaceuticals and other consumables.

By and large the Hospital has since achieved 100% banking by shifting from cash payment to M-pesa only payment. This has reduced the burden of dealing with cash, which was susceptible to spillage. The

Hospital has drafted a Board paper towards compensation for loss to the Hospital through waivers and exemptions, for the County assembly to debate and legislate.

The Hospital has converted the approved waivers into Hospital debt so that the client would remain obligated to the Hospital fee. There has been a proposal to have a framework where emergency funds under national disaster management funds from office of the Deputy Governor could be used to service this loss. The Introduction of SHA, where all citizens have mandatory registration led to a significant reduction in waivers.

ii) Environmental performance

The facility mission on waste management is to discover how the environment affects people in order to promote healthier lives. It is, therefore, a core value of the facility to preserve and protect the environment. Through implementation of this policy, the hospital waste management committee will serve as a leader by advancing environmental stewardship within our own programs and the community, therefore the committee will ensure that;

- Continually improve our environmental performance.
- Comply with all applicable environmental, health, and safety laws, regulations, and other requirements.
- Implement effective pollution prevention and waste minimization programs to reduce, reuse, and recycle materials.
- Ensure that energy and water are used responsibly and conserved through innovative practices and procedures.
- Provide all facility staff with the knowledge and tools needed to meet the goals of this policy and to actively participate in efforts to prevent negative environmental impacts.
- Measure progress toward our environmental goals.

This policy will serve as the framework for setting and reviewing the facility environmental goals, objectives, and targets.

Efforts to manage Biodiversity, Waste Management and Reduce environmental impact at the facility.

- A. **Compliance with Environmental Requirements** – The facility will comply with all applicable, environmental laws, regulations and other environmental requirements.
- B. **Healthy Built Environment** – It will promote public health, workforce wellness, and quality of work-life by integrating the development of buildings and grounds with the natural environment and by promoting indoor environmental quality.
- C. **Pollution Prevention** – It will minimize solid waste generation and the potential release of pollutants into the environment first through source reduction, secondarily through reuse and recycling, and finally through treatment and disposal.

- D. **Minimize Hazardous Waste and Toxic Materials** – It will minimize the generation of hazardous wastes. The facility will maintain policies and processes for the safe and efficient use, tracking, storage and disposal of hazardous and toxic materials.
- E. **Conservation of Energy, Water and Other Resources** – It will reduce resource consumption by eliminating wasteful practices and promoting efficient use, and by evaluating and implementing feasible and practical conservation measures in existing buildings, renovations, and new construction. Stream water had been connected to supplement hospital water supply mainly for cleaning.
- F. **Green Technology** – It will recognize the significant impacts of computing, communication, refrigeration and other technologies on human health and the environment. The institute will actively promote the efficient and sustainable use of technology. The Hospital had plans to harness roof water, stream water as well as borehole water. A survey had been done to establish the financial need for solarization particularly on lighting.
- G. **Environmental Education and Awareness** – It will provide ongoing education for all employees, patients and visitors concerning the importance of environmental responsibility in all facility operations. Further, the facility will share relevant and accurate information on its environmental performance with the public.

Successes

1. Formation of active infection prevention committee which led to a year free of hospital acquired infections and sepsis among newborns. Only 1 case of Methicillin resistant staphylococcus aureus was detected and treated.
2. Compliance with NEMA regulations, WARMA and The Kenya Nuclear regulations authority.
3. Continuous use of hospital assessment tool by the Hospital Inspection Committee.

Shortcomings

1. Liquid waste management system has been overwhelmed due high population, expanding infrastructure and causing an environmental hazard to neighbouring citizens
2. The capacity of the incinerator to incinerate waste is minimal, causing emission of hazardous gases to the environment.

iii) Employee welfare

The guiding principles in hiring of health workers include equal opportunity for all, openness, consideration for diversity, gender and persons with disability. Affirmative action is also applied to include persons from marginalized or minority groups. Special groups are accorded 30% opportunity as provided for in the Constitution. All work places have a clear line of communication based on the organogram for the respective functional organization. Every staff has the right to answer to one line of supervision.

The number of staff recruited is determined by need in order to optimise the human resource. Rationalism is also applied in the distribution of health workers depending on need, level of service



Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

delivery and the skill. Staff shortage led the Hospital management to recruit skilled volunteers who got a stipend and their stay renewed every 3 months to supplement the permanent staff. Returns of all such staff was provided to the County Public Service Board for ratification.

Baringo County referral Hospital improved the skills of its workforce by approving study leave and on-job training. There was a training committee that carried out this role at Hospital level. There was also approval for short courses including management and leadership at the Kenya School of Government. Doctors are the most likely to upgrade their skills where Medical Officers study at Postgraduate level to become specialists. There is a Training Policy of 2016 which allowed up to 30% of any cadre in the County or particular cadre in a large Hospital could be allowed study leave. Performance management takes the form of Performance Appraisal and Performance Contract. All permanent staff underwent annual performance appraisal, where the staff set targets related to their functions. Performance review was done quarterly and at the end of the year a report done following the aggregated score. Performance appraisal was done by way of negotiation on the targets set, between staff and the respective supervisor.

Performance Contract was signed by top level managers, on behalf of the Hospital in line with the Contract signed by the Director of Medical Services, and cascaded accordingly. The Performance indicators are uniform for all departments but The Hospital customised the document to sign on commitments applicable to the functions of the Hospital. Both Performance Appraisal and Performance Contract were tools used to encourage and monitor performance. Performance Contract scores between different Departments of the County Government were compared and the well performing Departments commended. There was a plan to recognize the staff that performed well, and even the staff nominated by the Hospital management for Commendation.

Other methods applied in improving and managing careers include provision of career development (learning opportunities), determining career goals and modalities of achieving them, coaching and mentorship, networking and benchmarking as well as leadership, where staff is enabled to achieve the best from their potential. For the safety of health workers, the Hospital provided safety to health workers, including security and freedom of association by joining SACCOs, welfare groups, etc.

Infection Prevention methods were applied in the Hospital as a way to eliminate or reduce hazards in addition to provision of personal protective equipment. Mental health at the workplace was strengthened through training of health workers.

12 staff in the Hospital was trained in Emergency Medical Care and is functional as initial response unit during emergencies. There was provision for compensation to officers in the event of injury or death during their term of service, but fortunately we did not have a case of injury at work. Deaths that happened were notified and appropriate Human Resource actions taken. More Safety applications applied in the Baringo County Referral Hospital included a designated fire assembly point, clearly marked Emergency Exits, etc.

iv) Market place practices - The hospital outlines its efforts to:

a) Responsible competition practice.

The hospital ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.

b) Responsible Supply chain and supplier relations

The hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

The hospital maintains the highest ethical marketing practices.

d) Product stewardship

The hospital outlines its efforts to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

The Baringo County Referral was sensitive to the needs of the community in which it is situated and the need for visibility and meaningful collaboration. There were activities carried out as giving back to the society and as such encouraging a positive relationship.

Wellness clinics were organised during International Women's Day, World AIDS day, World TB Day, World Malaria Day etc. During these events Health promotional information is passed to the populace. Free camps were held for screening for diabetes and hypertension around the township. During this time, Health education and referral was also done. There was also road trips and marches around to sensitize the community on the need to take the Covid 19 vaccine, World Midwives Day, World Prematurity Day, Cancer screening etc. Mothers who delivered in the Hospital were provided with utility packs, which were gift hampers referred to as Mama Packs. This was done in partnership with the M-pesa Foundation of Safaricom.



11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of the hospital are aligned with the objectives of the Curative and Rehabilitative program of the Health Services function, which include diagnosis and treatment of illness as well as promotion of life for those living with disability.

The Hospital Management Team coordinated the daily running of the Hospital and sat quarterly to review technical performance, plan for the next quarter and made budget proposals.

The Executive Expenditure Committee (EEC) reviewed the proposals and did the final expenditure plans, before requesting the Board for approval and subsequently the Authority to Incur Expenditure obtained from Treasury.

The board reviewed the HMT and EEC proposals and issued approvals by signing on the minutes of the EEC. The Board also reviewed financial as well as expenditure reports from the accounting section of the Hospital.

Results

The results of the hospital for the year ended June 30, 2025 are set out on pages 1 to 7.

Board of Management

There was a Board of Management whose term expired in July 2022 after serving for 3 years. After that a new Board was in place and even the Medical Superintendent and Health Administrative Officer were also relatively new having been posted in February and June respectively. The Board whose term expired in July included the following:

- (1) Dr Peter Cherutich.....Chairman.
- (2) Bishop Julius Chepsat (Religious leader) ...Member.
- (3) Prof. Dinah Chelagat.....Member.
- (4) Prof. Gladys Mengich..... Member.
- (5) Mr. Geoffrey Kimaiyo (SC Admin) Member.
- (6) CPA Isaac Kurui (with disability)Treasurer.
- (7) Mr. Donald Kiboret Sokoti (Youth)..... Member.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

- (8) Dr. Gerishom Abakalwa (Med Supt)Secretary.
- (9) Mr. Michael Rotich (Hospital Administrator)Member.
- (10) Kevin Kimaru, Hospital Accountant, Co-opted for Financial Reporting.

Auditors

The Auditor General is responsible for the statutory audit of the hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2025.

By Order of the Board

MEDICAL SUPERINTENDENT
BARINGO COUNTY REFERRAL HOSPITAL

05 DEC 2025

SIGN: _____

P.O. BOX 21-30400, KABARNET

Name: Dr. Gerishom M. Abakalwa
Secretary to the Board



Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 and the gazette notice number GK-004476 requires the Board of Management to prepare financial statements in respect of the hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year and the operating results of the hospital for that year. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

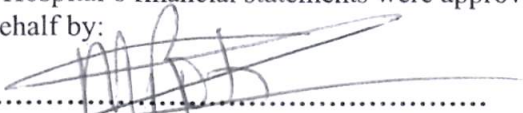
The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

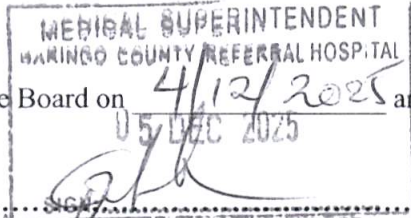
The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the gazette notice number GK-004476. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of the hospital's transactions during the financial year ended June 30, 2025, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Board of management to indicate that the hospital will not remain as a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 4/12/2025 and signed on its behalf by:

.....

Name: Dr. Peter Cherutich
Chairperson
Board of Management


.....
Name: Dr. Gerishom M. Abakalwa
Accounting Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – BARINGO COUNTY GOVERNMENT

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Baringo County Referral Hospital set out on pages 1 to 47 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Baringo County Referral Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with [International Public Sector Accounting Standards (Accrual Basis) and comply with Health Act 2017, County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Annual Report and Financial Statements

The statement of financial performance reflects total revenue of an amounts of Kshs.167,733,592 which was at variance with amounts of Kshs.125,171,227 and Kshs.184,165,971 in respect of statement of cash flows and statement of comparison of budget and actual amounts resulting to unexplained and unreconciled variance of Kshs.42,562,365 and negative amount of Kshs.16,432,379 respectively which was not supported with reconciliation.

Similarly, statement of financial performance reflects total payments of an amounts of Kshs.212,783,427 which was at variance with amounts of Kshs.154,931,048 and Kshs.207,490,936 in respect of statement of and comparison of budget and actual amounts resulting to unexplained and unreconciled variance of Kshs.57,852,379 and Kshs.5,292,491 which was not supported with reconciliation.

In the circumstances, the accuracy and completeness of the amounts in the financial statements could not be confirmed.

2. Variances Between the Financial Statements and Supporting Ledgers

The Fund's statements reflect five (5) items that varies amounts in the supporting ledgers as detailed below:-

Description	Notes to the Financial Statements	Balance in the Financial statements Kshs.	Balance in the Supporting Ledger Kshs.	Variance Kshs
Statement of financial performance				
Medical/Clinical Cost	15	98,141,394	77,371,974	20,769,420.
Employ Cost	16	56,201,074	46,536,565	9,664,509.
General Expenses	21	21,670,689	20,067,689	1,602,874
Statement of Financial Position				
Receivables from exchange transactions-NHIF	29	21,985,805	55,100,980	33,115,175
Receivables from non-exchange transactions	30	11,455,467	11,446,467	9,000

In the circumstances, the accuracy and completeness of the balances in the financial statements could not be confirmed.

3. Unsupported Fuel and Lubricants

The statement of financial performance reflects general expenses of an of Kshs.21,670,689 which includes an amount of Kshs.7,195,000 in respect of fuel oil and lubricants generator, incinerator, and motor vehicle and as disclosed in Note 21 to the financial statement. However, supporting documents including work tickets and fuel register were not provided for audit review.

In the circumstances, the accuracy and completeness of expenses in respect of fuel & lubricants expenses of an amount of Kshs.7,195,000 could not be confirmed.

4. Unsupported Intangible Assets

The statement of financial position reflects intangible assets balance of Kshs.860,625 and as disclosed in Note 33 to the financial statements. However, the supporting documents including ledger schedules were not provided for audit review.

In the circumstances, the accuracy and completeness of the Intangibles assets balance of Kshs.860,625 could not be confirmed.

5. Unsupported Revaluation Adjustments and Gains

The statement of financial position reflects property, plant and equipment balance of Kshs.921,550,000 which includes balance of Kshs.280,036,000 in respect of revaluation adjustments on land and buildings valuations of the amounts of Kshs.18,000,000 and Kshs.262,036,000 respectively and as disclosed in Note 32 to the financial statement. However, revaluation adjustments balance was not supported with detailed valuation report.

Further, the statement of changes in net assets reflects net assets of an amount of Kshs.954,158,269 which includes an amount of Kshs.245,282,614 in respect of revaluation gains which were not supported with valuation reports.

In the circumstances, the accuracy and completeness of the revaluation adjustments balance of Kshs.280,036,000 and Kshs.245,282,614 in the financial statements could not be confirmed.

6. Receivables from Exchange Transactions

6.1 Inaccuracy in the Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.59,489,812 and comparative balance of Kshs.55,199,693 which reflects an increase of Kshs.4,290,119 in respect of receivables from exchange transactions balance for the year under review and as disclosed in Note 29 to the financial statements. However, review of ageing analysis for receivables from exchange transactions in the Notes to the financial statements revealed balance of Kshs.74,572,595 in respect of receivable less than a year resulting to unexplained and unreconciled variance of Kshs.70,282,476.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.59,489,812 could not be confirmed.

6.2 Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.59,489,812 which includes balances of Kshs.21,985,805 and Kshs.37,504,007 in respect of medical services receivables defunct (NHIF) and SHIF/SHA and as disclosed in Note 29 to the financial statements. However, review of ageing analysis for receivables in the Notes to the financial statements revealed balance of Kshs.5,496,450 which have remained outstanding between two (2) to three (3) years. The Management did not explain the measures being undertaken to collect the outstanding balance as it did not have debt collection policy resulting to huge unpaid receivable balances. Further, Management did not make any provision for bad and doubtful debts in the financial statements.

In such circumstances, the recoverability of medical services receivables defunct (NHIF) and SHIF/SHA balances of Kshs.21,985,805 and Kshs.37,504,007 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Baringo County Referral Hospital – County Government of Baringo Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budgeted and actual amounts reflects final total receipts budget of Kshs.200,174,323 and actual on comparable basis of Kshs.184,165,971 resulting in an under-funding of Kshs.16,008,352 or 8% of the budget. Further, the statement reflects total payments of Kshs.207,490,936 against an actual receipt of Kshs.184,165,971 resulting in an over-expenditure of Kshs.23,324,965 or 13% of the actual receipt.

The under-funding affected the planned activities and may impacted negatively on service delivery to the public and spending above the approved budget results to unauthorized expenditure.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effects of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance as per the attached **in the table below.** However, Management has indicated that some of the issues raised have not been resolved and no explanation has been provided for this unsatisfactory situation.

Unresolved Audit Issues

S/No.	Audit Issues
1.	Unsupported cash and cash equivalent
2.	Long outstanding medical services receivables NHIF
3.	Assets management
4.	Failure to maintain fixed assets register
5.	Non-disclosure of PPE
6.	Failure to dispose unserviceable assets
7.	Irregular engagement of casual employees
8.	Non compliance with universal health coverage requirement
9.	Long outstanding trade and other payables
10	Failure to establish internal audit and audit function and audit committee

Other Information

The Board of management is responsible for the Other Information set out on page v to xxxiii which comprise of Key Hospital Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Law and Effectiveness of Upgrade of Hospitals

1.1 Academic Partnerships and Collaboration

Review of the Hospital records revealed that Academic Partnerships and Collaboration was done with the Hospital and Moi Teaching Referral Hospital, Kabarak University, Kenya School of Government and Kenya Medical Training college. However, there were no reports and minutes of meetings of academic partnerships and collaboration with the Institutions. This is contrary to Section 108(1) of the Health Act 2017 states that while the Cabinet Secretary responsible for health shall bear primary responsibility for this Act, the respective levels of government and other agencies of government shall collaborate, consult and enter into agreements for the better carrying out of the provisions of this Act.

In the circumstances, Management was in breach of the law.

1.2 Specialized Service Delivery

Review of the Hospital records, interviews and verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines. There were deficits of 86 staff or 82 % of the authorized establishment. In addition, there was a deficit in bed capacity of 72 or 44% of the required standard. Further a review of the various units revealed the following:

- i. Lack of an emergency department
- ii. Poorly equipped Intensive care unit with 1 functional ventilator out of the required 4
- iii. Poorly equipped Maternity wards
- iv. Eye Care unit with old equipment
- v. Lack of 24 body cooling chambers in the Mortuary
- vi. Lack of 10 Hemodialysis machines in the Renal unit
- vii. Lack of 2 laboratory refrigerators for the county blood bank
- viii. Lack of 6 incubators in the Newborn, Pediatric and child Health unit
- ix. Non-Functional Histopathology laboratory
- x. Un-equipped Rehabilitative services function
- xi. lack of an Integrated Health Management Information System

In the circumstances, Management was in breach of the law.

1.3 Research and Innovation Capacity

Review of the Hospital records revealed that academic research was done routinely with students attending leadership and management courses at the Kenya School of Government, MOH and Kabarak University. However, there were no evidence of collaboration with these institutions for research. This was contrary to Section 102 of the Health Act 2027 states that notwithstanding the responsibility of national government under section 92 of this Act, non-governmental and international organizations may cooperate with research institutions including the Kenya Medical Research Institute, universities and health institutions with approval from the National Health Research Committee in providing support for promotion and conduct of health research.

In the circumstances, Management was in breach of the law.

1.4 Waivers

The Hospital waivers report revealed that some patients were given waivers in respect of medical bills. However, review of the supporting records including SHA remittance revealed that some patients had not paid their SHA premiums due to lack of enrolment with SHA and lack of payment of SHA premiums. This is contrary to Section 58(4)(a) of the Social Health Insurance Regulations 2024 that provides that the claim under sub

regulation (1) shall be made in Form 3 provided in the First Schedule to these Regulations and shall contain—(a) the social health insurance number of the patient.

In the circumstances, Management was in breach of the law.

2. Ineffectiveness in Human Resource Practices and Management

2.1. Non-Compliance with Ethnic Composition Laws

Review of human resource records revealed that the Hospital had four hundred and sixty-nine (469) staff in service during the year under review. However, the four hundred and forty-one (421) were from the dominant ethnic community in the County which translates to 89% of the total number of staffs. This is contrary to Section 7(2) of National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from same ethnic community.

In the circumstances, Management was in breach of the law.

2.2 Irregular Engagement of Casual Employees

Review of the personnel records revealed that the Hospital engaged skilled and semi-skilled casual workers for more than three (3) months where some of the staff have served the Hospital for more than ten (10) years. This is contrary to Section 37(3) of the Employment Act, 2007 on conversion of casual employment to term contract, which states that an employee whose contract of service has been converted in accordance with subsection (1) and who works for two months or more from the date of employment as a casual employee shall be entitled to such terms and conditions of service as he would have been entitled to under this Act had he not initially been employed as a casual employee.

In the circumstances, Management was in breach of the law.

3. Non-Compliance with Law and effectiveness of procurement planning:

3.1 Lack of a Procurement Plan

Review of the Hospital procurement records revealed that it did not have a procurement plan for the procurements not directly incorporated in the County Executive procurement plan. This is contrary to Regulation 71(1) of the Public Procurement and disposal Regulations 2020 provides that Pursuant to section 73 of the Act, the head of the user department shall initiate the procurement process through a requisition.

In the circumstances, Management was in breach of the law.

4. Lack of Asset Register and Depreciation Policy

The statement of financial position reflects property, plant and equipment balance of Kshs.921,550,000 and as disclosed in Note 32 to the financial statement. However, the asset register provided was not updated with all vital details. This was contrary to

Section 170(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that an accounting officer of a procuring entity shall be responsible for maintaining a register of assets under his or her control or possession.

Further, the Hospital did not have a depreciation and amortization policy. This was contrary to Section 69(a)-(c) of International Public sector Accounting Standards IPSAS 45 which provides that the financial statements shall disclose for each class of property, plant and equipment recognized: the measurement bases for determining the carrying amounts, the depreciation methods and depreciation rates.

In the circumstances, Management was in breach of the law.

5. Long Outstanding Payables

The statement of financial position reflects trade and other payables balance amounting to Kshs.62,391,598 and as disclosed in Note 36 to the financial statements. However, included in the balance are trade payables amounting to Kshs.12,478,320 which had been outstanding for more than two (2) years. This was contrary to Section 53 (8) of the Public Procurement and Disposal Act ,2015 which states that an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates.

In the circumstances, Management was in breach of the law.

6. Lack of Quarterly Financial Reports

During the year under review, the Hospital did not prepare quarterly financial reports and supporting quarterly ledgers. This is contrary to Regulation 207(1) of the Public Finance Management Regulations 2015 which states that an Accounting Officer of a County Corporation shall prepare and submit quarterly financial and non-financial statements in the format gazetted by the Cabinet Secretary within 15 days after the end of each quarter to the County Executive Committee Member responsible for the county corporation with a copy to the County Treasury and the Auditor-General.

7. Audit of Performance Information against Predetermined Objectives

Review of the County Referral Hospital did not submit the Strategic Plan, Annual Development Plan and detailed Budget Estimates. In this regard, audit of Performance Information Against Predetermined Objectives was not carried out. This is contrary to Paragraph 11 of ISSAI 2720 on the Auditor's Responsibilities Relating to Other Information indicates that the objectives of the auditor, having read the other information, are:(b)to consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit;(c) to respond appropriately when the auditor identifies that such material inconsistencies appear to exist, or when the auditor otherwise becomes aware that other information appears to be materially misstated; and (d)to report in accordance with this ISSAI.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Develop Fraud Risk Management Policy

Baringo County Referral Hospital did not have in place a Fraud and Risk Management Policy. This is contrary to Regulation 165. (1a-b) of the Public Finance Management (National Government) Regulations, 2015 states that the Accounting Officer shall ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed.

2. Failure to Establish an Internal Audit Function and Audit Committee

Review of the Hospital records revealed that Management did not established an audit committee and internal audit function. This was contrary to Regulation 167(1) and 153 (1)(c) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish internal audit functions and audit committees.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed.

3. Weaknesses in Imprest Management

During the year under review, the Hospital did not maintain imprest register. This is contrary to Regulation 93(4)(c) of the Public Finance Management (National Government) Regulations, 2015 states before issuing temporary imprest under paragraph (2), the Accounting Officer shall ensure that—the applicant's imprest has been recorded in the imprest register, including the amount applied for.

In the circumstances, the effectiveness of internal controls on imprest management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the Hospital intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

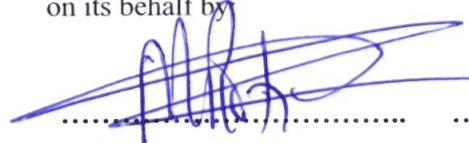
Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

14. Statement of Financial Performance for The Year Ended 30th June, 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,207,000	607,000
In- kind contributions from the County Government	7	19,547,020	58,211,052
Grants from donors and development partners	8	40,200	220,500
		20,794,220	59,038,552
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	168,335,027	124,433,028
Miscellaneous Income – Cheques W/Back	14	100,000	726,000
Revenue from exchange transactions		168,435,027	125,159,028
Total revenue		189,229,247	184,197,580
Expenses			
Medical/Clinical costs	15	(98,131,394)	(112,769,772)
Employee costs	16	(55,635,074)	(36,230,580)
Board of Management Expenses	17	(430,900)	(364,000)
Depreciation and amortization expense	18	(26,005,875)	(24,675,500)
Repairs and maintenance	19	(10,333,495)	(6,364,432)
Grants and subsidies	20	-	(1,130,000)
General expenses	21	(22,246,689)	(19,162,190)
Total expenses		(212,783,427)	(200,696,474)
Net Surplus / (Deficit) for the year		(23,554,180)	(16,498,894)

The notes set out on pages 8 to 44 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 5/12/2025 and signed on its behalf by



Chairman

Board of Management



Head of Finance

ICPAK No: 21336

5/12/2025 and signed

MEDICAL SUPERINTENDENT
BARINGO COUNTY REFERRAL HOSPITAL

05 DEC 2025
SIGN:
P.O. BOX 21-30400, KABARNET

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

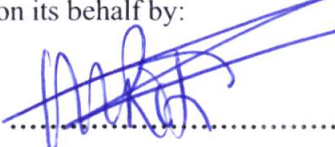
15. Statement of Financial Position as at 30th June, 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	2,680,910	32,440,731
Receivables from exchange transactions	29	92,604,987	55,199,693
Receivables from non-exchange transactions	30	11,446,467	33,549,511
Inventories	31	20,513,053	18,788,606
Total Current Assets		127,245,417	139,978,541
Non-current assets			
Property, plant, and equipment	32	921,550,000	673,993,000
Intangible assets	33	860,625	1,147,500
Total Non-current Assets		922,410,625	675,140,500
Total assets (A)		1,049,656,042	815,119,041
Liabilities			
Current liabilities			
Trade and other payables	36	(62,391,598)	(61,193,551)
Total Current Liabilities		(62,391,598)	(61,193,551)
Non-current liabilities			
Total non-current liabilities		-	-
Total Liabilities (B)		(62,391,598)	(61,193,551)
Net assets (A-B)		987,273,444	753,925,490
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		(49,255,763)	(25,701,583)
Capital Fund		1,036,520,207	779,627,073
Net Assets		987,264,444	753,925,490

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

The notes on pages 8 to 44 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 5/12/2025 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No: 21336


MEDICAL SUPERINTENDENT
BARINGO COUNTY REFERRAL HOSPITAL
05 DEC 2025
SIGN:
P.O. BOX 21-30400, KABARNET

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

16. Statement of Changes in Net Assets for The Year Ended 30th June, 2025

Description	Revaluation reserve	Accumulated Surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	(9,202,689)	643,367,189	634,164,500
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(16,498,894)	-	(16,498,894)
Capital/Development grants	-	-	136,259,884	136,259,884
As at June 30, 2024	-	(25,701,583)	779,627,073	753,925,490
At July 1, 2024	-	(25,701,583)	779,627,073	753,925,490
Revaluation gain	-	-	256,893,134	256,893,134
Surplus/(deficit) for the year	-	(23,554,180)	-	(23,554,180)
Capital/Development grants	-	-	-	-
At June 30, 2025	-	(49,255,763)	1,036,520,207	987,264,444

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

17. Statement of Cash Flows for The Year Ended 30th June, 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		1,207,000	607,000
Grants from donors and development partners		40,200	220,500
Rendering of services- Medical Service Income		120,018,009	124,433,028
Miscellaneous receipts (Cheques Written Back)		100,000	726,000
Total Receipts		121,365,209	125,986,528
Payments			
Medical/Clinical costs		71,577,381	56,558,720
Employee costs		46,536,565	36,230,580
Board of Management Expenses		430,900	364,000
Repairs and maintenance		10,333,495	4,364,432
Grants and subsidies		0	1,130,000
General expenses		22,246,689	19,162,190
Total Payments		151,125,030	117,809,922
Net cash flows from operating activities	43	(29,759,821)	8,176,606
Cash flows from investing activities			
Purchase of property, plant, equipment		(-)	(-)
Purchase of intangible assets		(-)	(-)
Proceeds from the sale of PPE		-	-
Net cash flows used in investing activities		(-)	(-)
Cash flows from financing activities			
Capital grants received		-	-
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash and cash equivalents		(29,759,821)	8,176,606
Cash and cash equivalents as at 1 st July, 2024	27	32,440,731	24,264,125
Cash and cash equivalents as at 30th June, 2025	27	2,680,910	32,440,731

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30th June, 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	32,440,731	-	32,440,731	32,440,731	-	100%
Receipts						
Transfers from the County Government	-	1,207,000	1,207,000	1,207,000	-	100%
Grants from donors and development partners	-	40,200	40,200	40,200	-	100%
In- kind contributions from the County Government	-	19,547,020	19,547,020	19,547,020	-	100%
Rendering of services- Medical Service Income	168,335,027	-	168,335,027	127,025,002	41,310,025	75%
Miscellaneous receipts (Cheques Written Back)	-	100,000	100,000	100,000	-	100%
Total receipts	200,775,758	20,894,220	221,669,978	180,359,953	41,310,025	81%
Payments						
Medical/Clinical costs	86,680,550	20,337,395	107,017,945	98,131,394	(8,886,551)	92%
Employee costs	55,635,074	-	55,635,074	46,536,565	(9,098,509)	84%
Board of Management Expenses	430,900	-	430,900	430,900	-	100%
Depreciation and amortization expense	26,005,875	-	26,005,875	26,005,875	-	100%
Repairs and maintenance	10,333,495	-	10,333,495	10,333,495	-	100%
General expenses	21,689,864	556,825	22,246,689	22,246,689	-	100%
Total Operational Expenditure paid	200,775,758	20,894,220	221,669,978	203,684,918	(17,985,060)	92%
Capital Expenditure paid	-	-	-	-	-	
Surplus	-	-	-	(23,324,965)	23,324,965	

Budget notes

1. The Medical/Clinical Costs exceeded the budget due to high demand of the Pharmaceuticals and Non-Pharmaceuticals. The other budget lines were within the threshold.as per IPSAS 24.14

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(23,324,965)
1	Add back Depreciation and Amortization	26,005,875
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,680,910

19. Notes to the Financial Statements

1. General Information

Baringo County Referral Hospital is established by and derives its authority and accountability from established under gazette notice number GK-004476 and Public Financial Management Act. The hospital is wholly owned by the Government of Kenya and is domiciled in Kenya. The hospital's principal activity is to offer quality medical and rehabilitative services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *hospital's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes on pages 10 to 55. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and gazette notice number GK-004476, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2025.

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Hospital. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. It will have an impact with effect from 1st July, 2025
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. It will have an impact with effect from 1st July, 2025
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that

Standard	Effective date and impact:
	satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. It will have an impact with effect from 1st July, 2025
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. It will have an impact with effect from 1st July, 2025
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an hospital shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. It will have an impact with effect from 1st July, 2026
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial

Standard	Effective date and impact:
	statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. It will have an impact with effect from 1st July, 2026
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. It will have an impact with effect from 1st July, 2026
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the hospital's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. It will have an impact with effect from 1st July, 2027

iii) Early adoption of standards

The Hospital did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Hospital* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The hospital recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the hospital.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on **30th June, 2025**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of **Kshs Nil** on the FY 2024/2025 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

c. Taxes

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of ~~xxx~~ years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Hospital. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Hospital also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Notes to the Financial Statements (Continued)

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Hospital will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Hospital. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

h. Biological Assets

The hospital recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the hospital, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i. Research and development costs

The Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Hospital can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale

Notes to the Financial Statements (Continued)

- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one hospital and a financial liability or equity instrument of another hospital. At initial recognition, the hospital measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The hospital classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the hospital's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held

Notes to the Financial Statements (Continued)

within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an hospital has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the hospital classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the

hospital manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The hospital assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The hospital recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments not made by management in determining the expected credit loss (ECL).

Financial liabilities

Classification

The hospital classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of

Notes to the Financial Statements (Continued)

operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Hospital.

l. Provisions

Provisions are recognized when the Hospital has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Hospital expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The hospital recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the hospital will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

The Hospital does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

o. Contingent assets

The Hospital does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Hospital in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured

Notes to the Financial Statements (Continued)

reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p. Nature and purpose of reserves

The hospital does not create and maintain reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

The Hospital recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

r. Employee benefits

Retirement benefit plans

The Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an hospital pays fixed contributions into a separate hospital (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-

Notes to the Financial Statements (Continued)

monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

The Hospital regards a related party as a person or an hospital with the ability to exert control individually or jointly, or to exercise significant influence over the *Hospital*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

v. Service concession arrangements

The Hospital analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Hospital* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Hospital* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to

Notes to the Financial Statements (Continued)

authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

y. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Hospital's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Hospital based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Hospital.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Notes to the Financial Statements (Continued)

Provisions

Provisions were not raised and management did not determine an estimate based on the information available. Additional disclosure of these estimates of provisions excluded as in Note 38. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Transfers from the County Government

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	1,207,000	607,000
Total government grants and subsidies	1,207,000	607,000

6 b Transfers from The County Government

Name of the Hospital sending the grant	Amount recognized to of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2023-2024
			KShs	KShs	KShs
Baringo County Government	1,207,000	-	-	1,207,000	607,000
Total	1,207,000	-	-	1,207,000	607,000

7. In Kind Contributions from The County Government

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceuticals and Non-Pharmaceutical Supplies	19,547,020	52,211,052
Laboratory Suppliers	-	4,000,000
Building Maintenance Services	-	2,000,000
Total grants in kind	19,547,020	58,211,052

8. Grants From Donors and Development Partners

Description	2024-2025	2023-2024
	KShs	KShs
Other grants (ATC Kenya)	-	220,500
Other grants (Boresha Sacco Ltd and Others)	36,500	-
Total grants from development partners	36,500	220,500

Notes to the Financial Statements (Continued)

8 (a) Grants from donors and development partners (Classification)

Name of the Hospital sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2023-2024
	KShs	KShs	KShs	KShs	KShs
Other grants (ATC Kenya)	-	-	-	-	220,500
Other grants (Boresha Sacco Ltd and Others)	40,200			40,200	-
Total	40,200	-	-	40,200	220,500

9. Transfers From Other Government Entities

Description	2024-2025	2023-2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from National Hospital	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	2024-2025	2023-2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Total donations and sponsorships	-	-

10 (a)Reconciliations of amortised grants

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceuticals	4,282,328	5,435,071
Non-Pharmaceuticals	1,259,949	974,237
Laboratory	5,617,829	4,677,401
Radiology	5,757,265	3,960,197
Orthopedic and Trauma Technology	1,187,363	713,530
Theatre	715,500	1,216,580
Accident and Emergency Service	727,200	428,830
Renal Services	19,500	60,000
Ear Nose and Throat service	46,200	27,600
Nutrition services	1,384,828	2,066,215
Records	2,328,770	1,633,267
Dental services	285,100	283,900
Reproductive health	415,945	15,700
Inpatient Services	2,263,346	5,026,568
Farewell home services	6,266,583	3,492,312
Ambulance services	1,222,795	635,976
Eye Clinics	351,400	650,250
Public Health	361,010	177,800
Attachment Fee	450,425	22,000
Incinerator	13,000	14,000
Other medical services income (NHIF/SHIF/SHA)	126,371,698	84,151,415
Other medical services income (Waivers and Exemptions)	7,006,993	8,770,179
Total revenue from the rendering of services	168,335,027	124,433,028

12. Revenue From Rent of Facilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

Notes to the Financial Statements (Continued)

13. Finance /Interest Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Total finance income	-	-

14. Miscellaneous Income

Description	2024-2025	2023-2024
	KShs	KShs
Insurance recoveries	-	-
Cheques Write backs (Deposits, payments in advance etc)	100,000	726,000
Total Miscellaneous income	100,000	726,000

15. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Dental costs/ materials	0	167,718
Laboratory chemicals and reagents	12,245,265	8,994,999
Public health activities	1,161,000	535,100
Food and Ration	17,095,402	10,729,784
Uniform, clothing, and linen	378,690	154,400
Dressing and Non-Pharmaceuticals	28,053,430	28,632,863
Pharmaceutical supplies	23,660,070	48,889,139
Health information stationery	3,029,794	1,622,470
Reproductive health materials (Renal)	0	984,000
Sanitary and cleansing Materials	574,450	591,860
Purchase of Other gases (Cooking Gas and Firewood)	400,500	159,580
Purchase of Medical gases	738,800	446,980
X-Ray/Radiology supplies	2,209,000	669,500
Other medical related clinical costs (Waivers and Exemptions)	7,006,993	8,770,179
Other medical related clinical costs (Repatriations)	1,578,000	1,421,200
Total medical/ clinical costs	98,131,394	112,769,772

Notes to the Financial Statements (Continued)

16. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	50,373,883	31,406,832
Contributions to pension schemes (NSSF)	2,779,368	3,636,258
Staff medical expenses and Insurance cover (NHIF/SHA)	2,481,823	1,187,490
Employee costs	55,635,074	36,230,580

17. Board of Management Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Sitting allowance	430,900	364,000
Travel and accommodation allowance	-	-
Total	430,900	364,000

18. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	25,719,000	24,293,000
Intangible assets	286,875	382,500
Total depreciation and amortization	26,005,875	24,675,500

19. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	2,694,535	4,016,471
Medical equipment	2,131,390	833,531
Furniture and Fittings	146,000	-
Computers and accessories	606,400	27,900
Motor vehicle expenses	4,755,170	1,486,530
Total repairs and maintenance	10,333,495	6,364,432

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024-2025	2023-2024
	Kshs	Kshs
Other grants and subsidies(Transfers as NHIF UHC)	-	1,130,000
Total grants and subsidies	-	1,130,000

21. General Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Catering expenses	711,700	1,574,995
Bank charges	83,202	109,371
Electricity expenses	8,781,187	5,285,000
Fuel and Lubricants	7,195,000	7,950,000
Travel and accommodation allowance	273,600	1,720,520
Licenses and permits	138,700	-
Field Work Operation	-	3,000
Service Providers Domestic Travel	110,000	22,500
Courier and postal services	-	9,450
Water and sewerage costs	-	120,700
Telephone and mobile phone services	809,700	860,510
Internet expenses	-	3,000
Staff training and development	4,143,600	1,503,144
Total General Expenses	22,246,689	19,162,190

22. Finance Costs

Description	2024-2025	2023-2024
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Total finance costs	-	-

23. Gain/Loss on Disposal of Non-Current Assets

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	-	-
Total gain on sale of assets	-	-

Notes to the Financial Statements (Continued)

24. Unrealized Gain On Fair Value Investments

Description	2024-2025	2023-2024
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

25. Medical Services Contracts Gains /Losses

Description	2024-2025	2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Total Gain/Loss	-	-

26. Impairment Loss

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	2,610,850	32,415,771
Others (Pay Bill) - Mobile money	70,060	24,960
Total cash and cash equivalents	2,680,910	32,440,731

27 (a). Detailed Analysis of Cash and Cash Equivalents

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
Current account			
Kenya Commercial Bank - FIF Imprest Account	1149215399	2,507,994	14,896
Kenya Commercial Bank - Revenue Account	1149507659	102,856	79,320.50
Central Bank of Kenya – HIF SPA	1000540621	-	22,512,466.50
Central Bank of Kenya – CRF SPA	1000171561	-	9,809,088
BCRH MPESA Pay Bill	252230	70,060	24,960
Grand total		2,680,910	32,440,731

Notes to the Financial Statements (Continued)

28. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance	-	-
Water	-	-
Total	-	-

29. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables (NHIF)	55,100,980	55,199,690
Medical services receivables (SHIF/SHA)	37,504,007	-
Total receivables	92,604,987	55,199,690

Analysis of Receivables From Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	70,619,182	76%	24,527,663	44%
Between 1- 2 years	16,489,355	18%	18,175,887	33%
Between 2-3 years	5,496,450	6%	12,496,143	23%
Over 3 years	-	0%	-	0%
Total (a+b)	92,604,987	100%	55,199,693	100%

30. Receivables From Non-Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Transfers from the County Government (Current Year)	11,446,467	33,549,511
Total	11,446,467	33,549,511

Notes to the Financial Statements (Continued)

Analysis of Receivables From Non-Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	11,455,467	100%	33,549,511	100%
Between 1- 2 years	-	0%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total (a+b)	11,455,467	100%	33,549,511	100%

31. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	20,513,053	18,788,606
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Total	20,513,053	18,788,606

Detailed disclosure on inventories

	2024-2025	2023-2024
Opening balance	18,788,606	-
Additional Inventory in the year	98,319,006	102,578,393
Inventory expensed in the year	(96,594,559)	(83,789,787)
Write-downs in the year	-	-
Closing balance	20,513,053	18,788,606

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
Cost / Rate	0%	2%	25%	20%	30%	20%	2%	
At 1 st July, 2023	282,000	210,000	20,000	36,000	-	-	128,000	676,000
Additions	-	2,964	-	-	-	52,867	-	55,831
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments		-		-	-	-	(-)	-
Revaluation Adjustments	-	-	-	-	-	-	-	-
At 30th June, 2024	282,000	212,964	20,000	36,000	-	52,867	128,000	731,831
At 1 st July, 2024	282,000	212,964	20,000	36,000	-	52,867	128,000	731,831
Additions	-	0	-	-	-	-	-	-
Disposals	(-)	0	(-)	(-)	(-)	(-)	(-)	-
Transfer/adjustments	-	0	-	-	-	-	-	-
Revaluation Adjustments	18,000	262,036	-	-	-	-	-	280,036
At 30th June, 2025	300,000	475,000	20,000	36,000	-	52,867	128,000	1,011,867
Depreciation and impairment								
At 1 st July, 2023	-	(12,516)	(7,200)	(12,960)	-	-	(7,629)	(40,305)
Depreciation for the year	-	(4,093)	(2,560)	(4,608)	-	(10,573)	(2,459)	(24,293)
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	(-)

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	(-)
At 30th June, 2024	-	(16,609)	(9,760)	(17,568)	-	(10,573)	(10,088)	(64,598)
At 1 st July, 2024	-	(16,609)	(9,760)	(17,568)	-	(10,573)	(10,088)	(64,598)
Depreciation	-	(9,168)	(2,048)	(3,686)	-	(8,459)	(2,358)	(25,719)
Disposals		(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	-	(-)
Transfer/adjustment		-	-	-	-	-		-
At 30th June, 2025		(25,777)	(11,808)	(21,254)	-	(19,032)	(12,446)	(90,317)
Net book values								
At 30 th June, 2024	282,000	200,555	10,240	18,432	-	42,294	120,472	673,993
At 30 th June, 2025	300,000	449,223	8,192	14,746	-	33,835	115,554	921,550

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024-2025	2023-2024
	KShs	KShs
Cost		
At beginning of the year	2,720,000	2,720,000
Additions	-	-
Additions-Internal development	-	-
Disposal	(-)	(-)
At end of the year	2,720,000	2,720,000
Amortization and impairment		
At beginning of the year	(1,572,500)	(1,190,000)
Amortization for the period	(286,875)	(382,500)
Impairment loss	-	-
At end of the year	(1,859,375)	(1,572,500)
NBV	860,625	1,147,500

34. Investment Property

Description	2024-2025	2023-2024
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	(-)	(-)
Fair value gain	-	-
Depreciation (<i>where investment property is at cost</i>)	(-)	(-)
Impairment	(-)	(-)
At end of the year	-	-

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

36. Trade and other Payables

Description	2024-2025		2023-2024	
	KShs		KShs	
Trade payables	53,293,089		53,908,027	
Employee dues	3,582,742		6,282,576	
Third-party payments (NSSF)	3,638,844		762,648	
Third-party payments (SHIF)	1,876,923		240,300	
	9,098,509		7,285,524	
Total trade and other payables	62,391,598		61,193,551	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the total
Under one year	31,195,799	50%	30,596,776	50%
1-2 years	18,717,479	30%	18,358,065	30%
2-3 years	12,478,320	20%	12,238,710	20%
Over 3 years	-	0%	-	0%
Total	62,391,598	100%	61,193,551	100%

37. Refundable Deposits from Customers/Patients

Description	2024-2025		2023-2024	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Total deposits	-		-	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Over 3 years	-	%	-	%
Total	-	%	-	%

Notes to the Financial Statements (Continued)

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Total provisions	-	-	-	-
Current Provisions	-	-	-	-
Total Provisions	-	-	-	-

39. Finance Lease Obligation

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

40. Deferred Income

Description	2024-2025	2023-2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

40 (a) The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	(-)	(-)	(-)	(-)
Transfers to statement of financial performance	(-)	(-)	(-)	(-)
Other transfers (<i>Specify</i>)	(-)	(-)	(-)	(-)
Balance C/F	-	-	-	-

Notes to the Financial Statements (Continued)

41. Borrowings

Description	2024-2025	2023-2024
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Balance at end of the period	-	-

41. (a) Breakdown of Long- and Short-Term Borrowings

Description	2024-2025	2023-2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

42. Service Concession Arrangements

Description	2024-2025	2023-2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	(-)
Net carrying amount	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	-	-

43. Cash Generated from Operations

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	(23,554,180)	(16,498,894)
Adjusted for:		
Depreciation	26,005,875	24,293,000
Non-cash grants received	(19,547,020)	(-)
Working Capital adjustments		
Increase in inventory	(1,724,447)	(18,788,606)
Increase in receivables	(12,138,096)	(88,749,204)
Increase in payables	1,198,047	27,108,926
Net cash flow from operating activities	(29,759,821)	(72,634,778)

Notes to the Financial Statements (Continued)

44. Financial Risk Management

The hospital's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The hospital's financial risk management objectives and policies are detailed below:

(i) Credit risk

The hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30th June, 2024				
Receivables from exchange transactions	55,199,690	55,199,690	-	-
Receivables from –non-exchange transactions	33,549,511	33,549,511	-	-
Bank balances	32,440,731	32,440,731	-	-
Total	121,189,932	121,189,932	-	-
At 30th June, 2025				
Receivables from exchange transactions	92,604,987	92,604,987	-	-
Receivables from –non-exchange transactions	11,455,467	11,455,467	-	-
Bank balances	2,680,910	2,680,910	-	-
Total	106,741,364	106,741,364	-	-

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The hospital has significant concentration of credit risk on amounts due from none. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the hospital's short, medium and long-term funding and liquidity management requirements. The hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June, 2024				
Trade payables	-	53,908,027	-	53,908,027
Employee benefit obligation	-	7,285,524	-	7,285,524
Total	-	61,193,551	-	61,193,551
At 30th June, 2025				
Trade payables	2,500,000	29,493,089	21,300,000	53,293,089
Employee benefit obligation	-	4,195,605	4,902,904	9,098,509
Total	2,500,000	33,688,694	26,202,904	62,391,598

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the hospital's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The hospital's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the hospital's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The hospital has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the hospital's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The hospital manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30th June, 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2023/2024			
Euro	10%	-	-
USD	10%	-	-
2024/2025			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the hospital's financial condition may be adversely affected as a result of changes in interest rate levels. The hospital's interest rate risk arises from bank deposits. This exposes the hospital to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the hospital's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Notes to the Financial Statements (Continued)

Sensitivity analysis

The hospital analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs Nil(2023/2024: KShs Nil). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs Nil (2024/2025 – KShs Nil).

iv) Capital Risk Management

The objective of the hospital's capital risk management is to safeguard the Hospital's ability to continue as a going concern. The hospital capital structure comprises of the following funds:

45. Related Party Balances

Nature of related party relationships

Entities and other parties related to the hospital include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

Baringo County Government is the principal shareholder of the *hospital*, holding 100% of the *hospital's* equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the hospital, both domestic and external. The related parties include:

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

Description	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Total	-	-
c) Expenses incurred on behalf of related party		

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Description	2024-2025	2023-2024
	Kshs	Kshs
Payments of salaries and wages for xxx employees	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Total	-	-

46. Segment Information

IPSAS 18 on segmental reporting not required in our hospital for presentation of segmental information since the department and the hospital is at the same geographical region.

47. Contingent Liabilities

Contingent liabilities	2024-2025	2023-2024
	Kshs	Kshs
No Court case against the hospital	-	-
Total	-	-

48. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

49. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

50. Ultimate and Holding Hospital

The hospital is a County Corporation or a Semi- Autonomous Government Agency under the Department of Health Medical Services. Its ultimate parent is the County Government of Baringo.

51. Currency

The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved. Ref No. OAG/NRO/BARINGO COUNTY REFERRAL/2023/2024/(15)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REPORT ON THE FINANCIAL STATEMENTS	1.Unsupported Cash and Cash Equivalents	The documentations relating to the Cash and cash Equivalent have provided as required	Resolved	
	2.Long Outstanding Medical Services Receivable (NHIF)	There were payment made. However, there are still outstanding debts	Not Resolved	To follow up during FY 2025/2026
	3.Assets Register 3.1. Failure to Maintain Fixed Asset Register	The management has put up some measures to update assets register	Not Resolved	On going
	3.2. Non-Disclosure of Property, Plant and Equipment	The key assets that is Land Buildings have been revalued. However, the other assets are yet undergo revaluation	Not Resolved	During Financial year 2025/2026
	3.3. Failure to Dispose Unserviceable Assets	Most of the Unserviceable assets were inherited from the National Government. But the Assets Disposal committee is in place	Not Resolved	On going
	4. Unsupported Waivers	The monthly reports of the waivers were provided for the cases handled	Resolved	

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		based on individual need, ability to pay and the urgency of each case		
	Unresolved Prior Year Matters	The management has requested the County Government to support on some of the issues raised	Not Resolved	On going
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES	1.Irregular Engagement of Casual Employees	There is shortage of permanent staff and the has resorted to engage temporary on three months renewable contracts in compliance with the law through the County Government Public Service Board	Resolved	
	2.Compliance with Universal Health Coverage Requirements	There are strategies put to mitigate the health coverage requirements that include registration of citizens with SHA, linkage with primary Care Network	Resolved	
	3.Long Outstanding Trade Payables	The payables have been long outstanding, but once the SHA and NHIF debts are received substantial payables shall be settled	Not Resolved	On going
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE	Failure to Establish an Internal Audit Unit Function and an Audit Committee	The hospital is planning to have internal Audit Unit and has since established the Audit Committee	Not Resolved	During the Financial year 2025/2026

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Accounting Officer

Appendix II: Projects Implemented by The Hospital

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

❖ Didn't provide funds for a project for implementation

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Appendix III: Inter-Hospital Confirmation Letter

Name of Transferring Entity: Baringo County Treasury

Name of Beneficiary Hospital: Baringo County Referral Hospital

Confirmation of amounts received by Baringo County Referral Hospital as at 30 th June, 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
RTGs	5/7/2024	10,095,288		10,095,288	FY 2023/2024
RTGs	1/8/2024	15,799,759		15,799,759	FY 2023/2024
RTGs	26/9/2024	8,585,420		8,585,420	FY 2024/2025
RTGs	3/11/2024	7,645,464		7,645,464	FY 2023/2024
RTGs	11/12/2024	18,883,076		18,883,076	FY 2024/2025
RTGs	22/12/2024	107,000		107,000	Service Coordinator
RTGs	22/12/2024	100,000		100,000	Public Health Services
RTGs	2/2/2025	11,447,548		11,447,548	FY 2024/2025
RTGs	1/3/2025	16,665,200		16,665,200	FY 2024/2025
RTGs	5/4/2025	24,919,491.20		24,919,491.20	FY 2024/2025
RTGs	14/5/2025	6,062,531.20		6,062,531.20	FY 2024/2025
RTGs	14/5/2025	1,611,234.70		1,611,234.70	FY 2024/2025
RTGs	14/5/2025	1,000,000		1,000,000	Ward Facilities

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

RTGs	30/6/2025	3,391,010		3,391,010	FY 2024/2025
RTGs	30/6/2025	24,904,713.20		24,904,713.20	FY 2024/2025
RTGs	30/6/2025	1,877,308.90		1,877,308.90	FY 2024/2025
Total		153,095,044.20		153,095,044.20	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name: Kevin Kibet Kimaru Sign: [Signature] Date: 4/12/2025
Wickano Kiptoo [Signature] 4/12/25



Head of Accounts Department - Beneficiary Hospital:

Name: Kevin Kimaru Sign: [Signature] Date: 4/12/2025

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

❖ Did make budget allocation / provision

Baringo County Referral Hospital (Baringo County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

❖ Did make budget allocation / provision